



Bringing Life to the City

A Strategic Business Plan for Downtown Columbus



2002

Michael B. Coleman, Mayor

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Downtown is the region's economic engine.

Less than 1% of the land, Downtown provides 13% of the county's commercial tax base.

Downtown property values total \$3.6 billion.

Downtown Columbus is home to 18% of the jobs in Franklin County.



A Vision for Downtown Columbus



Letter from Mayor Michael B. Coleman

Downtown is everybody's neighborhood. It is the heart of our region, the core of our City. It is the place where the best of our community comes together, with towering buildings, historic architecture, an expansive riverfront, extraordinary arts, sports and entertainment venues, and more. Downtown Columbus is the business, cultural, arts, and government center of Central Ohio. In the past two years alone, it has added to its list of resources with the expansion of the Convention Center, as well as the development of COSI and the Arena District. Looking forward, the development of Spring Long Park is underway, along with the refurbishments to the Town and Main Street Bridges – more improvements to our great City, and our Downtown.

Downtown also plays a significant role in the regional economy. Although Downtown constitutes less than one percent of the land in Franklin County, it represents 13% of the commercial/industrial tax base. More than 140,000 jobs make it the largest employment center in the region. Downtown has contributed to our prosperity, and will continue to drive our overall growth and development for years to come.

Yet despite these successes, Downtown's problems are very real. While Downtown enjoys many fine venues and institutions, these assets are stranded – there is just no connectivity between destinations. Downtown also lacks a sense of place – while many attend theaters, venues and events Downtown, they don't just "go Downtown" or see Downtown as the destination. In fact, three of Downtown's four primary business lines – retail, commercial office, and housing – are in trouble save one, arts and entertainment.

Cities, not unlike successful private businesses, often need to be pushed into action to effectuate change in the absence of a true crisis. And, while Downtown Columbus is not at a crisis point, the issues before us present an opportunity for change. Clearly, something must be done to renew and revitalize our Downtown.



Office vacancy rates have reached their highest rate in recent memory, as more businesses choose suburban and other locations throughout the City. City Center Mall, a hallmark development some 15 years ago, has faltered with the demise of an anchor store and other retail tenants in the wake of increased competition and other factors. Our once proud High Street has also lost its retail character. And housing development, the lifeblood of a 24/7 Downtown, has remained static since 1980. While Columbus' arts, entertainment and cultural destinations are attracting more and more visitors, they too will require the support of a healthy, more vibrant Downtown in order to grow and prosper well into the future.

Government, however, cannot facilitate a Downtown "turnaround" by itself. The complexities of the problem require commitment, capacity and resources that stretch far beyond the public sector. Cities and Downtowns cannot be great without substantial private sector leadership. Fortunately, Columbus is home to some of the most committed and capable business leaders in the country. Not only are they talented and successful, but they also have incorporated community participation into their leadership ethic. Spurred by a strong allegiance to their City, and a recognition that Downtown is vital to the success of the region, these business leaders have joined together with government and community leaders to ignite a process that will lead to a renewed and revitalized Downtown.

This Strategic Business Plan represents a milestone in that process. It is the first step on the long road to revitalization – a journey where progress is both incremental and expensive – and, in the first stages at least, where success is measured by actions that merely stop the decline. But progress will be made, and results will be apparent, because it is necessary for the future.

The ultimate goal of this effort is to have a “new” Downtown by the Columbus Bicentennial in 2012. There will be so much to celebrate.

This plan, created by the Greater Columbus community in partnership with business, community and civic leaders, provides us with the roadmap for Downtown revitalization. It illustrates a vision, or how we see the Downtown of the future. It defines goals and sets standards. Most importantly, it provides us with the strategies necessary to move forward.

By identifying and crafting the tools necessary to advance our vision, this Strategic Business Plan will help us achieve our goal of 10,000 Downtown housing units over the next 10 years. It will show us how pledging to invest \$100 million in City dollars in Downtown capital projects by 2012 can result in the creation of civic assets – ranging from a new riverfront park and additional green space, to pedestrian friendly streetscapes and more – that will serve the City well for decades to come. This plan shows Columbus how to translate big visions into civic realities by detailing the investments – of both human and financial capital – and the implementation steps necessary to get things done.

The release of this plan signals a beginning, a new start. Together, government, business and civic leaders, and the Greater Columbus community, have teamed up to meet the challenges of renewing Downtown. With all of us committed to the task, I am confident that our Downtown will emerge stronger than ever, reclaiming its spot as a sparkling center of commerce and entertainment, and shining brightly as a star among American cities of the 21st century.

Michael B. Coleman

Mayor, City of Columbus



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A Vision for Downtown Columbus

Strategic Direction

The ultimate goal of this process is to create a strong, vibrant Downtown. It is based on the tenet that a vital Downtown is essential for continued growth of the City of Columbus and for the region. To produce a rich, urban texture, the City, along with its public and private sector partners, will pursue several strategies to restore and enhance Downtown – to re-energize and revitalize this essential asset. This proposed transformation is based on a number of core principles:

To become a 24/7 community, Downtown requires a markedly increased residential presence.

The development of Downtown housing is a critical component of the plan. Housing brings people; more people bring services – restaurants, shops, and entertainment opportunities – all key ingredients for a successful Downtown. While current market economics run counter to the development of significant Downtown housing, the City will use a complement of development incentives to stimulate the private market. Development incentives and low cost capital, together with other improvements and amenities, will help achieve the development target of 10,000 housing units over 10 years. This aspiration is well in line with the extraordinary estimated demand for Downtown housing. A 2000 study by the Danter Company identified potential demand for approximately 25,000 units of housing among those who work Downtown.

Downtown's vitality depends upon a continued demand for commercial office space.

As such, the City will develop a strategy to retain and attract new businesses to the Downtown office market. In addition, a range of incentives will be offered to help attract companies and generate new jobs. The goal is to reduce office vacancy rates to equal the national average over 10 years.

Downtown needs additional structured parking facilities to support commercial office and residential development.

Strategically placed, publicly built parking garages are critical not only to the existing office market but to future commercial and residential developments Downtown. Readily available and lower cost parking in suburban office developments has left Downtown at a competitive disadvantage. Similarly, Downtown housing will only succeed if parking is available and affordable. Finally, the development of structured parking may serve to eliminate some of the surface lots that could be put to a higher and better land use.

Downtown should invest in its riverfront, connecting open spaces to create signature civic assets for residents, visitors and office workers.

Columbus' expansive riverfront is an asset that many cities do not have. Enhancing the riverfront and adjacent open spaces will provide the City with important urban amenities that will be enjoyed by visitors, workers and residents – and will serve as a magnet for generations to come. The City should also seek to incorporate public art into the fabric of Downtown, which will serve to enhance the overall environment.

Pedestrian and vehicular circulation improvements are necessary for a "friendlier" Downtown.

Downtown's size is larger than most major American cities' downtowns, creating urban design and circulation challenges. Improving connectivity in Downtown should be a priority. While Downtown has many "islands" of activity – the Arena District, COSI, the Museum of Art, the historic theaters, the State Capitol and others – traveling between destinations, either by car or on foot, is often difficult or unpleasant. Changes to traffic patterns, such as restoring two-way traffic on current

"This is more than a vision. It is a plan with specific strategies that, when fully implemented, will result in a re-energized Downtown."

E. Linn Draper,
American
Electric Power

“Downtown has always been the center of our area’s entertainment and commerce, as it should be. A healthy Downtown benefits us all, and makes our entire region more attractive and marketable. In addition, the existence of an energetic, urban atmosphere helps us attract the creative talent we need to sustain and grow our business...and should help create jobs and build the tax base that Columbus needs.”

Leslie H. Wexner,
Limited Brands, Inc.

one-way pairs, will be pursued. Streetscape enhancements will also be proposed in order to encourage a more pedestrian-friendly environment, and create a “walking” Downtown. Transit improvements should also be explored.

Concentrating on a new neighborhood at the southern end of the Downtown core will create critical mass in the area around City Center Mall.

Adding a mixed-use development of substantial scale to this area will complement the Arena District to the north, and bring activity to an area that needs support. Creating density and activity in the neighborhood would better support City Center.

The City should build on its substantial not-for-profit and institutional structures to establish a presence in the Downtown core.

Adding an additional anchor Downtown – whether it is a branch of an academic institution, a cultural organization or a not-for-profit entity – will not only increase activity, but will also signal a new confidence and willingness to invest in this valuable community asset.

Substantially increased public capital is needed to stimulate private investment.

Downtown currently suffers from a pattern of under investment. Public spending is necessary to demonstrate to the business community that the City is committed to Downtown, and to encourage these leaders to invest in the City as well.

Additional economic development capacity is needed to move forward.

Downtown Columbus needs an economic development entity that links public sector goals with private sector leadership, expertise and capital to implement those goals. This new organization will have the ability and resources to manage complex, large-scale transactions designed to achieve the ultimate goal – to renew and restore vitality Downtown.

Contents of this Report

This plan is action oriented. Its goals are to identify the policy and development issues facing Downtown Columbus; to propose concrete, feasible recommendations; and, most importantly, to outline in detail the action steps necessary to facilitate change.

The Findings section (page 8) is diagnostic. It illustrates both the urban design and economic analysis findings, outlines Columbus’ many assets and identifies the areas that can be strengthened to become more competitive.

Section Three (page 11) outlines the proposed action strategies, beginning with several development principles, or baseline recommendations, for what needs to change in order to revitalize Downtown. These tenets provide the foundation for a series of planning and development strategies that, when implemented, will transform Downtown Columbus into the vital core at the heart of the region.

Finally, Section Four (page 30) focuses on implementation, providing guidance on how the public and private sectors can work together to realize a more vibrant Downtown.

The Downtown Planning Process

The development of this Strategic Business Plan differed substantially from the traditional master planning exercise. Rather than focus exclusively on ideals and visions for a better Downtown, the approach was far more focused: analyze the issue, define a strategy, and develop the capacity and resources necessary for implementation.

This process also created a new paradigm of community building. Rather than have the responsibility for Downtown renewal rest wholly in either the public or the private sector, this effort was highly collaborative from the start. The very notion of embarking on a Downtown planning project arose from discussions among City, State and business leadership.

Once the import of Downtown's condition was recognized, there was immediate agreement that a comprehensive solution must be found to revitalize and preserve this important civic asset. State funding was identified and secured, a team was hired, and the Downtown planning process began. The development of this Strategic Business Plan represents an unprecedented partnership between Columbus' public and private sectors, one that cannot be matched in many other cities. The community at large also played a vital role in this effort. The result includes specific, practical and economically rational initiatives that will strengthen the entire region by strengthening the region's core.

The first phase of the work was primarily analytical; some 100 Downtown stakeholders were interviewed and countless documents were reviewed to help identify the problem and arrive at preliminary solutions. This work culminated in a preliminary report to the community at Nationwide Arena in July 2001, and has provided the basis for many of the initiatives contained in this report.

The second phase – solution development – relied heavily on guidance from business and community leaders, as well as the general public. In an effort to seek input from a wide range of voices in Columbus, two guidance groups were formed: the Downtown Columbus Advisory Committee and the Downtown Columbus Task Force.

The Advisory Committee was comprised of the City's most senior business and community representatives to provide leadership during the development of the plan and, subsequently, in the implementation phase. The Task Force, which included representatives from a wide range of businesses, institutions, and organizations throughout the City, was created to provide ongoing direction to the team on all aspects of the plan.

The insight gained from both the Advisory Committee and the Task Force was invaluable to the process. The momentum gained in the planning process alone was significant enough to ensure that these interested business and community leaders will carry their involvement through the implementation phase.

In addition to engaging the business and civic leadership of the City, the development of the Strategic Business Plan was a larger community effort. To ensure ongoing public participation, three open meetings were held. The first was the presentation of Phase One findings at Nationwide Arena. Two Public Workshops followed, which included presentations on the progress of the plan, and afforded participants a chance to offer their input on priority areas and projects, adding suggestions and ideas to the range of options considered.

The “Tell Us Your Great Idea” campaign also broadened the reach for community participation. Through flyers, radio announcements, a website and a television campaign, the call was made for opinions and ideas, and Columbus answered. To date, hundreds of responses have been received; many have influenced plan recommendations. Most importantly, the campaign allowed for the widest possible range of public input in the planning process.

Advisory Committee

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Findings

Downtown Columbus 2002

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The development of this Strategic Business Plan began with an assessment of baseline conditions in Columbus. This analytical process involved an examination of many factors ranging from economic to urban design issues and more. The summary findings presented here have provided a solid foundation for the formulation of the action strategies contained in this report.

Finding One: The Physical Definition of Downtown is Bigger Than Most Large American Cities

Downtown Columbus, defined as the area bound by the interstate highways, measures approximately 1,700 acres and is much larger than most Downtowns, including Chicago's Loop, Boston, Cincinnati, and Cleveland. In fact, the combined Downtown areas of Cleveland and Cincinnati fit within the highway boundary around Columbus' Downtown.

A typical walkable area or neighborhood generally measures 150 acres; as such, Downtown Columbus can accommodate approximately 10 – 12 active, mixed-use districts. While Downtown includes several successful districts or neighborhoods, Downtown's size, along with historic land use patterns, leave a number of areas disconnected from adjacent districts, and lacking a true neighborhood identity.

Reinforcing the connections between existing districts, and creating a series of unique, pedestrian scaled, vibrant mixed-use neighborhoods in currently underutilized areas is an important step toward filling the "gaps" in the urban fabric and creating a more energized Downtown core.

Finding Two: Economic and Population Growth Patterns in the Area Have Bypassed the Downtown Core

Downtown has long been a vital employment center in the region, with government and institutional employers providing for a stable job market even during hard economic times. In recent years, however, certain industry sectors have been growing faster in suburban markets, somewhat eroding Downtown's position.

From 1990-2001, the Columbus metropolitan area saw 17% population growth and nearly 63% increase in median household income. This was mirrored by a near doubling of the rentable office space outside of Downtown. As a result, the Downtown office market now represents approximately 35% of the regional total, down from nearly 44% in 1989. Over the same period, Downtown employment as a percentage of the county total fell in several key employment sectors. In the Finance Insurance and Real Estate (FIRE) sector, Downtown employment fell by 9%, while the remainder of the county increased by 54%. Similarly, while employment in service industries increased by 30% Downtown, the remainder of the county saw growth above 65%.

The Downtown retail market has also suffered from significant suburban competition. Since 1990, four million square feet of new retail malls have been constructed, all outside of Downtown. As a result, the region has seen an increase of two square feet per person in its supply of retail space. Downtown malls such as City Center face intense competition from these newer suburban competitors, particularly when paired with the recent Jacobson's bankruptcy and the resultant vacancy.

Finding Three: The Downtown Housing Market Has Remained Stagnant for Two Decades, While Increasing in Comparable Cities

Downtown Columbus has fewer than 1,000 market rate rental housing units, and approximately 2,000 residential units total. Since 1990, this number has been almost completely stagnant. While there has been some new development activity in the last year, the pace is still far behind that of many comparable Downtowns. Cleveland for example, saw an increase of nearly 6,000 units of housing during the 1990s and Indianapolis saw an increase of approximately 8,000 units during the same period.

The lack of new housing in the Downtown area is particularly troubling in light of both the tremendous population growth that the region has enjoyed and the strong demonstrated demand for Downtown housing. The City as a whole saw 55,000 new residential building permits during the 1990s as the City's population grew by 17%. Additionally, a Danter Company survey estimates demand for approximately 25,000 units of rental and owner-occupied housing Downtown. This estimate was reinforced by the strong support voiced for housing in the public input process associated with the development of this plan. The fact that almost none of this residential growth occurred Downtown shows that the housing market at the core of the City must be an area of particular focus as we move forward.

Finding Four: The Established Traffic Network Inhibits Downtown Revitalization

There are many positive aspects to the traffic infrastructure in Downtown Columbus: an intact street grid, easy traffic flows and proximity to the highways. However, these auto-oriented characteristics often run counter to the desire for a walkable, living Downtown.

The scale of the streets – often five or six lanes in width plus sidewalks – is unfriendly to pedestrians. In addition, the preponderance of one-way street pairs not only makes navigating Downtown difficult for visiting motorists, but also unduly emphasizes getting into and out of Downtown rather than encouraging people to stay.

Fortunately, these issues can be remedied without overburdening the traffic flow, as there is excess capacity in the existing vehicular traffic infrastructure.

Task Force Members cont.

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“We have a remarkable opportunity to create new mixed-use neighborhoods around City Center and the newly-named RiverSouth area. Development like this has been very successful in the restoration of other Downtowns and has the potential to be even more so here.”

Jay Schottenstein,
Schottenstein
Stores Corp.

Finding Five: Areas Adjacent to City Center Mall Present Unique Development Opportunities for Creating Critical Mass in the Downtown Core

While Downtown enjoys several vibrant neighborhoods and districts, others are unhealthy and need special attention. The area around City Center Mall is one area that requires particular focus. Concentrating development initiatives in the area running south from Capitol Square to the County complex, with the Scioto as the western boundary and approximately Third Street to the east, would generate significant energy and activity, benefiting Downtown as a whole. This proposed “RiverSouth” neighborhood is envisioned as a mixed-use district complementing development in the Arena District at the northern end of the Downtown core, and fostering connections between Downtown and the riverfront.

There are approximately 20 acres of vacant or underutilized property in RiverSouth, making a sizable project possible. Having large tracts of land available immediately adjacent to the Downtown core is uncommon in many American cities and is a bonus for Columbus. The area’s proximity to the central business district and the riverfront makes it suitable for residential development – a use that will serve to benefit City Center Mall and the High Street retail corridor.

RiverSouth is also a good location for testing proposed traffic improvements such as street narrowings and one-way conversions that would make Downtown more pedestrian friendly.

Finding Six: Downtown has a Strong Arts, Entertainment and Cultural Base That Can Help Drive, and Benefit from, Downtown Revitalization

Downtown has a highly regarded arts and entertainment infrastructure, anchored by historic theaters and arts institutions like the Columbus Symphony, Opera Columbus, Ballet Met, and the Columbus Museum of Art, which bring more than two million visitors per year to Downtown.

No other place in Central Ohio offers such a unique group of attractions: professional hockey, renovated State Capitol, COSI, Public Library, Arena District, festivals, etc. These venues and festivals attract more than three million visitors per year.

While visitor traffic has increased somewhat, these organizations would greatly benefit from additional Downtown amenities and supports, including new restaurants, streetscape improvements and other reasons to come Downtown. Additionally, these major attractions will benefit from an increase in local supporting retail, restaurants, and other services.

Another boost to the overall arts environment Downtown might come from a program that includes funding art acquisitions or commissioned works as part of publicly financed development projects. While administrative and maintenance issues are often a concern with these “Percent for Arts” programs, they are used in major cities throughout the country. A similar program was also adopted by the State of Ohio in 1990.

Action Strategy: Housing

At the heart of the housing finance strategy for Downtown is an understanding that every housing development deal will be different, and that a single approach will not be sufficient. New housing development Downtown must produce a variety of housing products. There will be a mix of unit sizes and types as well as ownership and rental opportunities. Additionally, the City will make a strong commitment to devoting available subsidies and other resources to the development of affordable housing within the Downtown core. These differences among developers, housing types, and locations within Downtown will result in different needs and appropriate responses. As a result, Columbus will be best served by a strategy that allows for maximum flexibility.

At the same time, effective development will flourish in an environment that allows for maximum private sector participation and the greatest variety of development products. Surveys, workshops, and empirical analysis reveal that there is a broad range of groups who are interested in living in Downtown Columbus. In order to ensure the easiest possible access to housing incentive programs and the broadest array of end products, the programs developed must also be as clear and transparent as possible.

These two important bases, flexibility and ease-of-access, are the core principles of the Downtown Columbus housing strategy.

Principle: Actively Encourage Housing Development Downtown by Offering Development and Other Incentives

Compared with other cities in the Midwest and across the country, housing development in the heart of Downtown Columbus has been relatively stagnant. As the Danter study has noted, there is unmet demand for thousands of units of housing Downtown. All kinds of people have expressed interest in living Downtown, both through formal surveys and informal exchanges at Public Workshops and other venues. Similarly, conversations, focus groups, and other information show that there is obvious interest and capacity to develop housing within Columbus' real estate community. However, the economics of Downtown development do not currently produce a favorable environment for development.

In the most basic terms, the cost to develop a single unit of housing in Downtown Columbus is approximately \$120,000 including land, labor, and construction. The value of that unit, in terms of rental revenues, is approximately \$100,000. This leaves a gap of approximately \$20,000 per unit for Downtown housing.

The lack of housing Downtown leaves Columbus without a vital heart. Development of residential districts in the core of Downtown will provide an anchor that will strengthen Downtown, and complement the employment, cultural and entertainment activity within the region for generations to come.

Downtown housing is a critical component of the Strategic Business Plan, as it will bring vitality, 24-hour life, jobs and the type of energy that is key to a vital Downtown. A critical mass of at least 10,000 units will create a true destination, closely ringed by a series of active, exciting, and creative neighborhoods. In order to achieve these important public policy goals, the public and private sectors must embark on a strategy to finance the existing economic gap.

Element One: Real Estate Tax Abatements

One significant tool that will be used to spur the development of privately developed housing in Columbus is a program of real estate tax abatements. The foundation of this plan is the existing program that allows for an abatement of 75% of real estate taxes on improvements on land for a 10-year period. Currently, Capitol South and the Downtown Development Office facilitate interaction between developers to craft proposals that must then be approved by the Columbus City Council.

Recent experience has shown that this type of public sector intervention can stimulate the market for housing development. Capitol South has found that its work with developers to secure 75% abatements for 10 years has been very well received and has resulted in several existing and planned developments. So far, this has contributed to more than 1,500 units of housing proposed for Downtown as a whole, including nearly 200 units in the heart of Downtown. The units include affordable housing development, such as the 100 unit Commons at Grant project under construction.

About this Section

This section represents the nuts and bolts of the business plan. Each begins with a "development principle"—a broad action step, that, if followed, will contribute to a better Downtown. Following the principles are the actual strategies, the programmatic actions necessary to strengthen Downtown Columbus into the vital core at the heart of the region.

"We have to make sure that we maintain the viability of our Downtown if we are to maintain our progress as a region."

Maryellen O'Shaugnessy,
Columbus
City Council

“The Arena District has been an important component in revitalizing Downtown as a destination to live, work and play. As one of the region’s largest employers, Nationwide believes a dynamic Downtown is essential in attracting and retaining a quality workforce.”

W. G. Jurgensen,
Nationwide

This experience confirms both the value of public/private partnership and the measured demand for new housing Downtown. The Public Workshops held in conjunction with the development of this Strategic Business Plan also confirmed a primary finding of market studies conducted by the Danter Company: there is demand for more housing in Downtown Columbus. With some minor adjustments, the abatement program will serve as an important base on which to build an increased housing supply Downtown.

This existing program will be made much easier to access and much more effective overall through the expansion of a Community Reinvestment Area (CRA). First, the CRA designation will establish 75% tax abatement to be an as-of-right benefit automatically available to any housing development that meets a defined set of criteria. The success that has been realized with the existing program demonstrates that developers are eager to build housing Downtown. Simplifying access to this important tool will only increase its effectiveness. Rather than requiring Council permission for each individual abatement project, developers will be able to assume the abatement as a part of a project’s financial analysis.

In addition, the CRA designation will increase the allowable size of the abatement to 100% of real estate taxes within targeted action areas Downtown. This will increase the total value of an already helpful program. The CRA will act as blanket permission for abatements for residential development and will remove both financial and regulatory hurdles for developers. The 100% abatement will be available for all rehabilitation projects within Downtown, and to any new construction projects within a target area. Additionally, the CRA designation will allow for the time period of the abatement to be extended for projects with significant affordable housing components.

This abatement program will be a highly effective tool to spur development Downtown, and it will allow for the flexibility necessary to create extra incentives for affordable housing or for development in more expensive areas near the core. In many places within

Downtown, land values are low enough that the 75% or 100% abatement will be sufficient on its own to make new housing development feasible. This type of development will extend the strength of existing neighborhoods on the edges of Downtown inward toward the core.

At the same time, tax incentives will be paired with a more extensive subsidy program to target investment toward the more expensive land in the center of Downtown. The combination of broad incentives for the edges of Downtown and heavily targeted incentives at the center will create a cohesive fabric of new residential construction in Downtown Columbus.

Element Two: Targeted Capital Investment

Residential tax abatements will address approximately \$10,000 of the gap between cost and value in housing in Downtown Columbus. To further narrow the gap, a Housing Equity and Investment Fund will be established. The fund, comprised of limited investment partners, will provide low cost capital for housing development projects within Downtown.

The Columbus Downtown Development Corporation (CDDC) will staff the fund; investors in the fund will serve on a separate Board of Directors. The fund will provide two important functions that the abatement program does not:

- The abatement program does not provide a financial incentive substantial enough to economically justify housing development in all Downtown locations. This is particularly true for areas immediately adjacent to the central business core where land values are significantly higher than elsewhere within the City. The fund can target dollars specifically at these areas, bridging the remaining revenue shortfalls faced by “pioneering” developers.
- As an independent investment body with an active board of advisors, the fund will have tremendous flexibility to make a variety of deals to suit the needs of individual opportunities. For example, the fund may offer a short-term “mezzanine” investment or a longer term partnering arrangement depending on the specific project.

This type of “social investor fund” would appeal to civic-minded institutions and individuals in Columbus. These institutions would not be making donations, but would instead be adding to their existing portfolio by choosing a local investment with an unusual risk-return profile. The fund would provide returns to investors, but by allowing for lower percentage returns than standard equity would require, or by agreeing to receive their return only after the developer has received a certain amount, the fund could dramatically decrease the overall cost to a developer. The fund will have the ability to invest in projects anywhere within Downtown. This new source of capital will be particularly valuable in the core of Downtown where land values are highest and in supporting projects with significant amounts of affordable housing or other elements that may present financing challenges.

The targeted amount for initial capitalization of the fund is \$10 million. This amount will be raised through direct solicitations to local corporations, institutions, and semi-public agencies or authorities. A unified investment effort by these important corporate citizens will not only provide the private sector response to match the public sector effort, but it will create a fund that will shape a lasting legacy Downtown.

Element Three: Decrease Up-Front Costs

Portions of the gap between the cost and value of Downtown housing can also be addressed through a series of smaller measures that will have a significant cumulative impact. The up-front costs borne by developers should be an area of special focus, as they represent a significant initial burden, and their cumulative value will have an immediate impact on a project's bottom line.

Two significant steps can be implemented in the near term, and will have an immediate positive impact. First, the City budget currently includes an item for public funding of 50% of the cost of street and sidewalk improvements around new residential units. This \$1.75 million line item has not been funded in the past, representing a significant underutilized opportunity. These public area improvements cost approximately \$1,500 per unit, and the public benefit is seen in improved streetscapes around new developments. The Mayor and City Council will now fund the existing budget line item, providing an important new tool for developers and a valuable new amenity for the public. Additionally the City will explore the possibility of providing funding for 100% of these public improvements in projects where special circumstances may warrant additional funding.

A second important step will be the expansion of a program to reduce water and sewer tap fees, and other fees associated with new Downtown housing development. Currently, water and sewer fees can represent as much as \$2,000 in up-front costs per unit of new housing. City code allows for an abatement based on the value of the largest existing tap on the property. This has reduced as much as 50% of the costs on some projects. The City utility department has been developing new legislation that would credit a developer for all existing taps, increasing the available abatement. While this program would apply to all areas of the City, it tends to favor Downtown areas because most existing taps are concentrated in older areas of the City.

Working with its utility department, the City will examine all water and sewer fees, permitting, and other upfront costs. Wherever possible, the City will develop an incentive package that will allow for reducing upfront costs of development through abatement and deferral of these costs.

“It is difficult to overstate the importance of a strong, vibrant Downtown to the health of a City and region. An energetic Downtown is essential for the vitality of the entire region. The history of American cities makes this all too apparent.

That is why our company has been and remains committed to building and rebuilding our Downtown. Columbus and Central Ohio simply must be engaged in these efforts.”

John F. Wolfe,
The Dispatch
Printing Company

“Healthy Downtowns create vibrancy. They bring people Downtown. They are good for business and for living.”

Dr. Val Moeller,
Columbus State
Community College

Element Four: Increase Downtown Amenities

In addition to efforts to reduce development costs, the gap between housing cost and value should also be addressed through projects and actions that increase the value of living Downtown. In most cities, Downtown housing rents or sells for a premium above its suburban counterparts because of the attractive features that Downtown brings. Some of these features, such as shortened commutes, exist today in Columbus.

A comprehensive package of retail, entertainment, recreation, culture, transportation, and other amenities will add tremendous value to the market for Downtown housing. The proposed Riverfront Park, a revitalized City Center Mall, pedestrian-friendly amenities and other improvements each interconnect with financial strategies to increase the qualitative and quantitative benefits of Downtown as a place to live and work in the region. These proposed projects, when paired with small-scale private sector development, will draw thousands of new residents to create the type of vibrant urban neighborhoods that will spur increased housing demand.

Next Steps

This multi-tiered strategy will allow for a comprehensive response to the problem of Columbus’ lack of a vital Downtown housing market. A coordinated response that allows for the greatest possible ease of use and the widest flexibility will have a strong stimulating effect on Downtown housing demand and development. As housing development is coupled with a comprehensive amenity package, the value/cost gap will decrease and outside subsidies will no longer be necessary.

There are three key steps that will initiate this effort, and set it on a course for lasting positive impact:

- Define and codify new or expanded CRA’s for residential tax abatements for Downtown neighborhoods
- Initiate the funding of public improvements and the abatement of utility tap fees
- Establish and capitalize a Downtown Housing Equity and Investment Fund as part of the Columbus Downtown Development Corporation